

Message Text

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ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 AF-10 ARA-16 EA-11 NEA-10 RSC-01

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TAGS: EFIN, AORG, UN

SUBJECT: UN FINANCES - WORKING GROUP ON CURRENCY INSTABILITY

REF: USUN 1513

SUMMARY - WG CONCLUDED FINAL MEETING OF SECOND SESSION
APRIL 26 BY ACCEPTING BROADLY WORDED RESUME FROM CHAIRMAN
OF AREAS OF CONSENSUS. WG ALSO GAVE SOME GENERAL GUIDANCE
TO SECRETARIAT ON OUTLINE THAT REPORT SHOULD TAKE.
SECRETARIAT WILL SUBMIT DRAFT REPORT TO MEMBERS DURING
SUMMER AND WG AGREED TO HOLD SERIES OF DRAFTING MEETINGS
BEGINNING SEPTEMBER 9. END SUMMARY

1. BY CAREFUL MANEUVERING AND WORDING OF HIS REMARKS,
ACTING CHAIRMAN SCHMIDT (FRG) SUCCEEDED IN GUIDING DEBATE
DURING LAST DAY OF SECOND SERIES OF MEETINGS OF WG IN SUCH
A FASHION THAT WG CONCENTRATED ON GUIDANCE TO SECRETARIAT
FOR DRAFTING TEXT OF REPORT. REPS. OF US, BULGARIA, FRG,
FRANCE, USSR, INDIA, UK AND VENEZUELA OFFERED SUGGESTIONS
FOR FRAMEWORK OF DRAFT REPORT.

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2. US REP (KELLER) SUGGESTED THAT REPORT SHOULD CONCENTRATE

ON REAL PROBLEMS AND SHOULD AVOID PURE THEORIZING. ALONG THESE LINES HE POINTED OUT THAT QTE POSITIVE MODEL UNQTE MENTIONED BY SOVIET DEL AND EXPLAINED IN A/AC.164/R18 WAS USEFUL IN THAT IT HIGHLIGHTED ACTUAL DIFFICULTIES OF UN (E.G. WITHHOLDINGS, LATE PAYMENTS, DEPLETED WCF). KELLER ALSO SUGGESTED THAT STATEMENT OF CRITERIA OFFERED BY HIS DELEGATION AT BEGINNING OF WG MEETINGS RETAINED ITS FULL VALIDITY THROUGHOUT DISCUSSIONS.

3. BULGARIAN (PETROV) AND SOVIET (GRODSKY) REPS THOUGHT THAT VIEWS OF EACH DELEGATION SHOULD BE INCLUDED IN REPORT. IN ANSWER TO PROPOSAL BY SCHMIDT THAT REPORT FOLLOW ROUGH OUTLINE OF ACC REPORT (A/AC.164/R14/REV.1), GRODSKY STATED THAT THESE DIVISIONS OF IDEAS WERE ARTIFICIAL. GRODSKY ALSO SUGGESTED THAT REPORTS OF COMMITTEE OF 14 AND OF ACABQ SHOULD BE REFERENCED IN REPORT. SCHMIDT THOUGHT THAT SOME ANALYSIS HAD TO BE INCLUDED BUT IT SHOULD CENTER ON EFFECTS ON UN BUDGET AND LOOK TO FUTURE. IT SHOULD ALSO ADMIT THAT NO PANACEA WAS POSSIBLE, PARTICULARLY WITH REGARDS TO EFFECTS OF INFLATION.

4. IN DIALOGUE BETWEEN KELLER AND CHERPOOT (INDIA) IT WAS SUGGESTED THAT REPORT INCLUDE INTRODUCTION TO SET STAGE IN CONTEXT OF PROBLEMS OF UN, THEN INCORPORATE AREA OF CONSENSUS AND FINALLY USE AS ROUGHT OUTLINE ACC DIVISION OF IDEAS WITH DIFFERING VIEWS INCORPORATED UNDER VARIOUS HEADINGS.

5. CHAIRMAN THEN OFFERED RESUME OF WORK OF GROUP. ANTI-CIPATORY MEASURES DID NOT MEET WITH FAVORABLE RESPONSE FROM WG. ABSORPTION OF ADDED COSTS WAS VALID MEASURE AND WORDING OF REPORT OF COMMITTEE OF 14 COULD BE USED. SUPPLEMENTARIES SHOULD BE AVOIDED WHERE POSSIBLE. VOLUNTARY CONTRIBUTIONS TO MEET SPECIAL COSTS WOULD ALWAYS BE POSSIBILITY BUT IDEA THAT HOST COUNTRY OR THAT CERTAIN DEVELOPED COUNTRIES WERE QTE RESPONSIBLE UNQTE WAS MATTER OF CONTROVERSY WITHIN WG. UNDER HEADING OF QTE MULTIPLE CURRENCIES UNQTE, SCHMIDT SAID THAT THIS SUGGESTION HAD PROVEN ATTRACTIVE TO ACABQ BUT THERE WERE DIFFICULTIES IN APPLICATION AND IT CANNOT BE RECOMMENDED AT PRESENT. IF US HAD FUNDS AVAILABLE IT COULD ALWAYS PURCHASE FOREIGN EXCHANGE AS NEEDED IMMEDIATELY. FOR-
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WARD MARKET OPERATIONS WAS LIMITED TOOL AVAILABLE TO SECRETARIAT. UNDER GENERAL HEADING OF UNIT OF ACCOUNT, CHAIRMAN SAID THAT SDRS WERE NOT USABLE IN UN; WG HAD THOROUGH DISCUSSION AND NOTED ATTRACTIONS AND DIFFICULTIES IN APPLICATION; UNIT OF ACCOUNT RETAINED SOME THEORETICAL POSSIBILITIES AND COULD NOT BE RULED OUT AT SOME POINT IN FUTURE. IN ASIDE, CHAIRMAN NOTED THAT INFO ON CONVERTIBLE RUBLE USED IN COMICON WAS STILL TO BE PROVIDED BY SOVIET REP. UNDER QTE FINANCIAL

MANAGEMENT UNQTE RUBRIC, CHAIRMAN NOTED THAT SECRETARIAT WAS KEEPING DEPOSITS IN SEVERAL CURRENCIES TO AVOID UNNECESSARY LOSSES. PAYMENTS OF ASSESSMENTS WERE BEING MADE IN ONE OR MORE CONVERTIBLE CURRENCIES. FORWARD MARKET AND SPOT OPERATIONS FELL UNDER THIS CLASSIFICATION ALSO.

6. WHEN CHAIRMAN ASKED IF WG WOULD ATTEMPT STATEMENT OF CONCLUSIONS, UK REP (WHALLEY) THOUGHT THAT NONE HAD BEEN ARRIVED AT. SYG REP (ZIEHL) OBSERVED THAT SOME GUIDANCE COULD BE EXTRACTED FROM DISCUSSIONS WHICH WOULD BE OF VALUE TO ORGANIZATION.

7. WG AGREED TO RECEIVE DRAFT REPORT FROM SECRETARIAT (MANGO) IN JUNE AND MEET BEGINNING SEPTEMBER 9 FOR SERIES OF EDITORIAL SESSIONS.
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